IN THE

Supreme Court of the United States

OCTOBER TERM 1950

No. 645

HUMBLE OIL & REFINING COMPANY, *Petitioner,*

v.

GRAY TOOL COMPANY, *Respondent*

PETITION FOR REHEARING

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Comes now Humble Oil & Refining Company, the Petitioner in the above entitled cause, and presents this, its petition for a rehearing of the above entitled cause, and, in support thereof, respectfully shows:

1.

The Petition for Writ of Certiorari herein was filed on March 29, 1951. Your Petitioner urged that the decision

of the Court of Appeals, if permitted to stand, would cause confusion and uncertainty in the application of the rule that a court of equity should not lend its aid to a plaintiff who is misusing the patent in suit.

2.

Thereafter, on April 24, 1951, a Petition for Writ of Certiorari was filed in PARK-IN-THEATRES, INC., v. PARAMOUNT-RICHARDS THEATRES, INC., ET AL., No. 696 in this Court, which petition reveals that the confusion and uncertainty predicted by your petitioner actually exist.

3.

The specific question upon which confusion and uncertainty thus appear actually to exist is whether in a patent case involving misuse by plaintiff, a summary judgment should be denied and the case tried as a whole to determine whether plaintiff has the *intention* to establish the unlawful monopoly.

4.

Question No. 2 of the Petition for Writ of Certiorari in the present case is as follows (p. 6):

> 2. In a direct infringement suit, where the necessary effect of Plaintiff's admitted conduct is to establish a monopoly in equipment not patented by the patents in suit, may Plaintiff avoid dismissal of its complaint on a summary judgment proceeding by the simple expedient of denying that Plaintiff has any purpose or intention in respect to establishing the monopoly?

Question No. 1 of the Petition for Writ of Certiorari in PARK-IN-THEATRES, INC., v. PARAMOUNT-RICHARDS THEATRES, INC., ET AL., *supra*, is as follows (p. 10):

1. What is the legal criteria or standard of "patent misuse" as a defense to an action *ex contractu* or *ex delicto:*

(a) is it just any *theoretical* possibility of patent monopoly-enlargement or competition-restraining effect which is not spelled out by the terms of the questioned contract-clause (and not borne out by or correlated to a decade of industry-facts), but which may be inferred from the *bare** contract-language, *in vacuo,* as held by the Courts below,

or

(b) is it a matter of intent and realistic correlationship between contract-language and industry-facts and subject-matter of the licensed patent and the *actual* effect of such contract-language upon competition of unpatented devices, as held, contrariwise, in the following cases:

Park-In Theatres, Inc., v. Loew's Drive-In Theatres, Inc., 70 F. Supp. 880, 886-7 (reversed on other grounds not going to the matter of patent misuse at 174 F. 2d 547; 1 Cir., and certiorari denied at 338 U.S. 822-3 and 896),

Gray Tool Co. v. Humble Oil & Refining Co. 186 F. 2d 365, 367 (5 Cir.) decided January 19, 1951,

Automatic Radio Mfg. Co. v. Haseltine Research Corp., 339 U.S. 827 (decided June 5, 1950).

*"The defense of misuse of patent, like other unclean hands defenses, is not, as defendant seems to think, a matter of the letter or *bare bones facts;* it is a matter of their spirit, or intent with which they are done. The judge may not, on motion for summary judgment,

draw fact inferences as to plaintiff's purpose or intention in respect to obtaining a monopoly. Such inferences may be drawn only on trial." GRAY TOOL CO. v. HUMBLE OIL & REFINING CO., 186 F. 2d 365, 367 (5 Cir., decided January 19, 1951).

5.

In B. B. CHEMICAL CO. v. ELMER A. ELLIS, ET AL., 314 U.S. 495, there was no finding by the District Court, 32 F. Supp. 690, that the plaintiff had any intent to establish an unlawful monopoly. On the contrary, the District Court found (p. 694):

> "The plaintiff did not grant written licenses to shoe manufacturers, nor was any such license ever requested. Neither by notice or by agreement in any form with its customers did it require them to use only plaintiff's material. The plaintiff adopted the foregoing method of utilizing the patented process, deeming it the most practical method for so doing."

Also, JUDGE MAGRUDER in his concurring opinion, 117 F. 2d 829 (CCA 2), pointed out that in LEITCH MFG. CO. v. BARBER COMPANY, 302 U.S. 458, no showing was made as to plaintiff's intent to establish an unlawful monopoly. He stated (p. 838):

> "At the oral argument it seemed to me that the method of business adopted by the plaintiff in the case at bar could not be considered objectionable in the absence of a finding that the plaintiff had refused or would refuse to grant an unrestricted license to any shoe manufacturer who chose to buy from some other source the materials used in reinforcing the insoles by the patented process. That is, if the plaintiff is prepared to grant an unrestricted license on a royalty basis to any shoe manufacturers who prefer to obtain the un-

> patented precoated duck and top coat elsewhere, it is difficult at first blush to see how the plaintiff would be doing anything wrong in furnishing the unpatented materials and incidental services at so much per web yard of duck to those shoe manufacturers who prefer to do business with the plaintiff on that basis. But this point was urged in Leitch Mfg. Co. v. Barber Co., supra, and it was pointed out in the plaintiff's brief before the Supreme Court that the plaintiff was 'not shown to have refused to grant any license under the patent, much less granted any license conditioned on purchase of emulsion from it.' The argument was to no avail. The court considered it sufficient to condemn the plaintiff's method of doing business, that, as matters stood, no road contractor had a license to practice the patented process except those contractors who bought their bituminous emulsion from the plaintiff. The court apparently did not consider it relevant that contractors who were disposed to buy their bituminous emulsion from the defendant or from some other source might, if they had applied to the plaintiff, have obtained an unrestricted express license to practice the process for a stated royalty."

The Supreme Court, however, in its opinions in LEITCH MFG. CO. v. BARBER CO., 302 U.S. 458, and B. B. CHEMICAL CO. v. ELLIS, 314 U.S. 495, did not make reference to the fact that no showing of intent on the part of the plaintiff had been made in either of such cases or that no such showing was necessary.

We submit that the foregoing clearly reveals the need for a final decision by this Court to clarify the answer to the question whether a showing of *intention* is necessary before a finding of misuse can be made.

Wherefore, upon the foregoing grounds, it is respectfully urged that this petition for rehearing be granted, and that,

upon further consideration, the Petition for Writ of Certiorari be granted.

Respectfully submitted,

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Certificate of Counsel

I, counsel for the above named Petitioner, do hereby certify that the foregoing petition for rehearing of this cause is presented in good faith and not for delay and is restricted to the grounds specified by Rule 33(2).

NELSON JONES,
Counsel for Petitioner